Water Pollution Control Exemption Application Checklist

Applicant Name: Smith Natural Gas, Inc.

GENERAL INFORMATION NEEDED FOR ALL APPLICATIONS:

- ☐ Signed and sealed engineers' affidavit, confirming and finding that the facility is designed and operated primarily for the control, capture, and removal of pollutants from the air, and is suitable, reasonably adequate, and meets the intent and purposes of part 55 and rules promulgated under that part. An affidavit is not required for farmers.
- ☐ Completed Department of Treasury application Form 891.
- ☐ Narrative description, a paragraph describing how the personal or real property controls pollution.
- ☐ Itemized list of machinery and equipment or a breakdown of building costs.
- ☐ Plans, schematics, photos or drawings of the equipment and its' location.

QUALIFICATIONS *(The equipment must meet one of the following definitions on the STC list of commonly approved Water Pollution Control equipment.)*:

- ○ Brine Disposal Wells
- ○ Gas & Oil Wells
- ○ Leachate Collection Systems
- ○ Agricultural Facilities & Agrichemical Storage Buildings
- ○ Slatted Concrete Barn Flooring
- ○ Manure Pits
- ○ Industrial Wastewater Treatment Systems & Ancillary Equipment
- ○ Contaminated Ground Water Recovery & Treatment Systems
- ○ Landfill Cells
- ○ Containment Systems
- ○ Waste Disposal Well & Monitoring Wells
- ○ Purge Wells & Treatment Systems for Industrially Contaminated Groundwater Incinerators
- ○ Industrial Cooling Water Regeneration Systems & Wastewater Recycle Systems
- ○ Laboratories & Lab Equipment
- ● Well Casing

COMMENTS:

Well casings include the surface casing, the conductor casing, and water gathering lines.

Michigan State Tax Commission
Water Pollution Control Facility
Affidavit of Environmental Engineer's Certification

Company Name (Owner/Occupant): Smith Natural Gas, Inc.

Facility Address: 12345 A Street

City, State, Zip Code: Anytown, Anywhere 11223

County Name: Anywhere

Name of Taxing Authority (City/Township/Village): Anytown Twp.

I swear and affirm by my signature below that I have inspected the facility listed above and confirm that the real and/or personal property listed in the attached application meets the definition of facility as defined in Section 324.3701 of 451 of 1994 of the Public Acts; "Facility" means any disposal system, including disposal wells, or any treatment works, appliance, equipment, machinery, or installation constructed, used, or placed in operation primarily for the purpose of reducing, controlling, or eliminating water pollution caused by industrial waste.

I confirm and find that the facility is designed and operated primarily for the control, capture, and removal of industrial waste from the water, and is suitable, reasonably adequate, and meets the intent and purposes of part 37 and rules promulgated under that part. I also agree to provide testimony regarding my certification of this facility for any appeals that may be filed related to the real and/or personal property listed in the attached application.

Engineer Seal:

Printed Name: Marcus Aurelius

Signature: Marcus Aurelius

Date: 3/29/2016

Approved by the State Tax Commission on August 31, 2011

Michigan Department of Treasury
891 (Rev. 04-14)

Application for Water Pollution Control Tax Exemption Certificate

Issued under authority of Public Act 451 of 1994, as amended, Part 37. Filing is mandatory.

General Information. Complete All Boxes.

☒ New ☐ Amended ☐ Transfer Certificate #2

PART 1: SOURCE INDENTIFICATION (This section pertains to the facility where the water pollution control equipment is located).

1. Company Name (applicant must be owner of facility)	2. County
Smith Natural Gas, Inc.	Anywhere
3. Address (equipment location)	4. City, State, ZIP Code
12345 A Street	Anytown, Anywhere 11223

5. Name of Taxing Authority. **Select one only.**

☐ City of _____

☒ Township of Anytown

☐ Village of _____

6. Describe the major process or processes of the pollution control equipment at the facility.

The conductor pipe, surface casing and cementing seal off and protect the aquifers within the glacial drift. Waterline pipe transports the produced water directly from the wellhead to the central processing facility.

7. Enter the total value of requested tax exemption. Indicate whether value is "Estimated" or "Final" by checking the appropriate box. (If cost is estimated, you must supply the final cost within 90 days of completion of construction.) May file under estimated costs only if project is not completed.

$ $62,621 ☒ Estimated ☐ Final

PART 2: TECHNICAL CONTACT/PREPARER (Technical contact should be able to respond to technical questions concerning this application. Enter Preparer information, if different than Technical Contact).

8. Technical Contact Name	Position/Title	
James Smith	CPA	
E-mail Address	Telephone Number	Fax Number
jsmith@smithnaturalgas.com	(111) 222-3333	(111) 222-4444
9. Preparer Name	Position/Title	
James Smith	CPA	
Company Name	Telephone Number	Fax Number
Smith Natural Gas, Inc.	(111) 222-3333	(111) 222-4444
Company Mailing Address	E-mail Address	
12345 A Street Anytown, Anywhere 11223	jsmith@smithnaturalgas.com	

PART 3: COMPANY REPRESENTATIVE (Name and address for Tax Exemption response. Complete all boxes).

10. Company Official Name	Position/Title	
John Smith	President	
Street Address	City, State, ZIP Code	
12345 A Street	Anytown, Anywhere 11223	
E-mail	Telephone Number	Fax Number
johnsmith@smithnaturalgas.com	(111) 222-5555	(111) 222-6666

I certify that all the information contained in this tax exemption application is true and correct to the best of my knowledge.

Signature of Company Official (No authorized agents)	Date
John Smith	3/28/2016

FOR OFFICE USE ONLY

Application Number	Reviewed By	Date Recieved/Date Reviewed	LUCI Code

TE-EQUIPMENT

Application for Water Pollution Control Tax Exemption Certificate

Water Pollution Control Equipment Description

PART 4: GENERAL INFORMATION

11. Describe the water pollution control equipment, the operational procedure, how it will minimize or control water pollution, and any function the equipment serves. Include non-water pollution control uses.

At each well a 13 3/8" conductor pipe was driven to extend from the surface to approximately 60 feet beneath ground surface. The purpose of this pipe is to prevent sand from falling into the area designated for the surface casing and cementing.

Then a 8 5/8" surface casing was set to approximately 100 feet below the base of the glacial drift and cemented to the surface. This casing was placed in compliance with Rules 324.408, 324.411, and 324.413 administered under Public Act 451 of 1994, Part 615. Once set, the well was drilled to the total depth and a 5 1/2" production casing was set.

The sole purpose for setting surface casings within these shallow wells is to seal off and protect the aquifers within the glacial drift. The sole purpose for setting the conductor pipe is to hold back the sand to enable the surface casing to be properly installed. It is, therefore, our position that the surface casing be considered as water pollution control equipment and certified as tax exempt personal property.

Waterline pipe transports produced water directly from the wellhead to the Central Processing Facility. After passing through the inlet separator, the water is piped directly to the disposal tanks. It is, therefore, our position that the waterline pipe be considered water pollution control equipment and certified as tax exempt personal property.

12. Beginning Date of Construction	13. Projected/Completion Date of Construction

PART 5: EQUIPMENT AND COST DETAILS

(For the equipment associated with the water pollution control that is claimed to be exempt, provide a description, total cost, and the portion of the total cost being claimed as exempt for each of the items listed. If an item does not exist, indicate "N/A." Provide plans and specifications of the facility as an additional attachment per Section 3702(1). Provide an itemized list of equipment totaling the amount requested in box #7).

14. Describe the water pollution control equipment. (attach additional pages if necessary. Costs must be separated into appropriate categories in sections 14 thru 16). Cellar drive, 13 3/8" conductor pipe, 8 5/8" casing pipe, cement surface casing pipe, and pit liners.	Total Cost of 14 $31,987 Portion Claiming Tax Exempt (Provide itemized list) $31,987
15. Describe the ancillary equipment (foundations, enclosures, electrical equipment, wastewater storage, chemical treatment storage tanks, pumps, piping, instrumentation & sludge dewatering equipment, etc.) Water gathering noncorrosive pipe and installation of pipe, containment box at wellhead, secondary containment, tank, level control and alarms disposal pumps, piping separator, electrical services.	Total Cost of 15 $30,634 Portion Claiming Tax Exempt (Provide itemized list) $30,634
16. Describe miscellaneous costs (engineering, administrative fees, etc.) NA	Total Cost of 16 $0 Portion Claiming Tax Exempt (Provide itemized list) $0
17. Value of recovered product (must provide per Sec. 3702(2)) $ $0	**Total of 14-16** $62,621

Attachment 1

Written Narrative Description

For the purposes of this exemption, the entire facility is the producing well itself. The related equipment needed to bring the natural gas from the wells to a central processing facility. The central processing facility is not included in this application.

The purpose of the well is to bring the natural gas from the strata to the ground surface. To accomplish this, conductor, surface pipe, production casing, tubing and waterline pipe must be installed in the drilled hole. The purpose of the tubing is to bring the natural gas to the surface. The purpose of the 5 ½" production casing and cement is to prevent the gas from permeating shallower formations. The function of the conductor is to prevent the surface soil from washing into the hole during the initial phase of drilling.

The 8 5/8" surface pipe is installed only as an added safety feature to prevent contamination of the fresh water aquifer. It is done strictly to comply with Public Act 451 of 1994 and the Michigan Oil and Gas Regulations and serves no other useful purpose.

The applicable rule is sited below:

Rule 324.413 Drilling to Strata Beneath Gas Storage Reservoirs:

"Surface casing and any other protective casing string required above the gas storage reservoir shall be new casing manufactured in compliance with API specifications for casing and tubing as adopted by reference R 324.411, the properties and designs of which have been approved by the supervisor or authorized representative of the supervisor. Surface casing and any other protective casing string shall be designed to withstand the required test pressures as set for in R 324.410(3). Surface casing shall be set pursuant to R 324.408. Surface casing shall be cemented to the surface and not disturbed for a period of 18 hours after completion of cementing. Cement shall attain a minimum compressive strength of 500 psi before disturbing the casing or resuming drilling. Surface casing, other protective casing strings, and blowout preventers shall be tested pursuant to R 324.406(4) before drilling out the cement, unless otherwise specified by the supervisor or authorized representative of the supervisor."

Attachment 2
Machinery and Equipment List

Township/ Range	Well Name	Permit #	Section #	8 5/8" Casing Depth	Description	Costs
T56N-R85W	Smith Lake Club A59-85	88555	45	1,147	Reserve Pit Liner	$3,280
					Instrument Material	$200
					Total Production Casing Qualified Costs	**$3,480**
				62	Conductor Equipment & Materials	$3,650
					Conductor Equipment Rentals	$1,112
					Pipes, Valves, and Fittings	$800
					Materials and Supply	$200
					Total Conductor Casing Qualified Costs	**$5,762**
				444	Surface Equipment & Materials	$38,000
					Surface Equipment Rentals	$4,768
					Pipes, Valves, & Fittings	$1,018
					Materials & Supplies	$400
					Tanks	$1,200
					Total Surface Casing Qualified Costs	**$45,386**
					Water Gathering Lines	$6,540
					Labor Water Gathering Lines	$1,453
					Total Water Gathering Qualified Costs	**$7,993**
					Total Eligible Water Pollution Control Equipment Costs	**$62,621**

Attachment 3

Drawings